

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

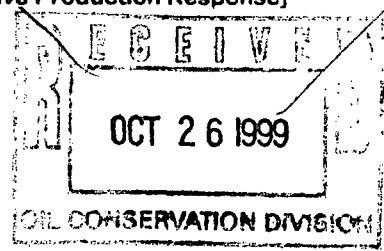
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] ☒ Location - Spacing Unit - Directional Drilling
☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504

Note: Statement must be completed by an individual with supervisory capacity.

Print or Type Name

James Bruce
Signature

Applicant
Title

10/26/99
Date

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

October 26, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee") applies for administrative approval of an unorthodox gas well location and directional drilling for the following well:

West Indian Basin Unit Well No. 1
§17, Township 21 South, Range 23 East, NMPM
Eddy County, New Mexico

Surface location: 660 feet FSL & 1980 feet FWL

Bottomhole location: A window no closer than 1650 feet to the north, east, and west lines of the section, and no closer than 660 to the south line of the section

The well was originally drilled in 1963 to a depth sufficient to test the Morrow formation, but was completed in the Cisco/Canyon formation. Attached as Exhibit A is the original well location plat, and attached as Exhibit B is the completion report. The well was later placed in the Indian Basin-Upper Pennsylvanian Gas Pool. Rules for the Pool require 640 acre spacing, with wells to be no closer than 1650 feet to the section line and no closer than 330 feet to a quarter-quarter section line. (At the time the well was drilled, the location was orthodox because the well was not within a mile of the Pool.) A current wellbore sketch is attached as Exhibit C.

The proposed location is based upon engineering and geologic reasons. Attached as Exhibit D is a production plat of the well from mid-1988 to mid-1996. Gas production was stable until water production increased, at which time the well was shut-in. Kerr-

McGee believes that there are still reserves which can be economically recovered from the well, and the location is geologically favorably in the Cisco/Canyon dolomite based on the initial potential of the well in 1963.

Kerr-McGee proposes to re-enter and sidetrack the well approximately 50 feet to the north of the current location. A new well location plat is attached as Exhibit E. The plans for the re-entry are described in the sundry notice attached as Exhibit F. (The sundry notice was approved by the Bureau of Land Management on October 21, 1999.) While Kerr-McGee only plans to sidetrack the well a short distance, the larger drilling window is requested because, until re-entry is performed, the operator cannot determine the final bottomhole location.

This location will provide the best chance of encountering potential Cisco/Canyon pay. Thus, it will reduce the risk involved in re-entering the well, and prevent waste.

Submitted as Exhibit G is a land plat of the subject area, with the surface location of the well marked thereon. The well encroaches only to the south, and offset leasehold ownership is as follows:

<u>Tract</u>	<u>Operator/Lessee</u>
N $\frac{1}{2}$ §20 ¹	Kerr-McGee (Operator)
N $\frac{1}{2}$ S $\frac{1}{2}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SE $\frac{1}{4}$ §20	Marathon Oil Company (Lessee)
SE $\frac{1}{4}$ SE $\frac{1}{4}$ §20	Concho Resources Inc. (Lessee)

Concho Resources Inc. has waived objection to the location, and its waiver letter is marked Exhibit H. A copy of the notice letter sent to Marathon Oil Company is attached as Exhibit I.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,


James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC

¹The N $\frac{1}{2}$ §17 is part of the West Indian Basin Unit.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPL) E*

(S. per In-
structions on
reverse side)Form approved.
Budget Bureau No. 42-R355.5.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

5. LEASE DESIGNATION AND SERIAL NO.

SM 07106

6. IF INDIAN, ALLOTTEE, OR TRIBE NAME

7. UNIT AGREEMENT NAME

West Indian Basin

8. FARM OR LEASE NAME

9. WELL NO.

1

10. FIELD AND POOL, OR WILDCAT

Undesignated

11. SEC. T. R. M. OR BLOCK AND SURVEY
OR AREASec. 17, Township 21 South
Range 23 East, N.H.P.M.12. COUNTY OR
PARISH

Edgy

13. STATE

New Mexico

1A. TYPE OF WELL: OIL ☐ GAS ☒ DRY ☐ Other _____B. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. RESER. ☐ Other _____

2. NAME OF OPERATOR

ROBERT W. KNIFIELD

3. ADDRESS OF OPERATION

P. O. Box 807, Roswell, New Mexico

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface

660' FSL & 1980' FSL of Section 17

At top prod. interval reported below

Same

At total depth

Same

14. PERMIT NO.

DATE ISSUED

15. DATE STOPPED 16. DATE T.D. REACHED 17. DATE COMPL. (Ready to prod.) 18. ELEVATIONS (OF, HSB, RT, CR, ETC.)* 19. ELEV. CASINGHEAD

Sept 30, 1963 Nov. 22, 1963 December 10, 1963

4047' D.F.

4037'

20. TOTAL DEPTH, MD & TVD 21. PLUG BACK T.D., MD & TVD 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 24. ROTARY TOOLS 25. CABLE TOOLS

9025'

7692'

Surf. to T.D.

26. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

7396'—7450' Cisco-Canyon

27. TYPE ELECTRIC AND OTHER LOGS RUN

Gamma Ray-Acoustic, Induction, S.S., Dipmeter

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
20" Conductor pipe		25'		sacks cement	None
13-5/8"	48#	174'	17 1/2"	300 "	"
9-5/8"	32#	1574'	12 3/4"	929 "	"
5 1/2"	15 5/8" & 17 1/2"	7692'	8 3/4"	300 "	"

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-3/8"	7350'	7319'

30. PERFORATION RECORD (Interval, size and number)

Perf'd 7396-7402', 7412-22', 7428-36',
7444-50' with 4 jet shots per foot

31. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
7396-7450'	2000 gals. 13% mud acid

32. PRODUCTION

DATE FIRST PRODUCTION PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) WELL STATUS (Producing or shut-in)

DATE OF TEST HOURS TESTED CHOKED SIZE PROD'N. FOR TEST PERIOD OIL—BSL. GAS—MCF. WATER—BSL. GAS OIL RATIO

12-10-63 24 24/64" 86 (44.4) 2,118 None 113,703 CF/bbl.

FLOW, TUBING PRESS. CASING PRESSURE CALCULATED 24-HOUR RATE OIL—BSL. GAS—MCF. WATER—BSL. OIL GRAVITY API (CORR.)

2007# 35# 9 bbls/MCF 57,000 None 59.7°

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) TEST WITNESSED BY

H. Lee Harvard

35. LIST OF ATTACHMENTS

36. I certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

TITLE

Geologist-Engineer

DATE

Dec. 17, 1963

*(See Instructions and Spaces for Additional Data on Reverse Side)

EXHIBIT

B

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 16: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments, items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

37. SUMMARY OF POROUS ZONES: SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF: CORED INTERVALS, AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
San Andres	262'	1760'	Polo and sand w/scattered zones of porosity. Water zones at 830-850' and 1350-1520'.
Wolfcamp Ls			Gas odor noted at 5220' while drilling with air.
Cisco Dolo	7348'	7186'	DST #1 (7335-7400') 7.0. 90%. Flowed est. 10.9 MFCGPD. Rec. 10' distillate. Flow pressure, 2763-2794#. 60' shut-in pressure, 2901-2931#. Cores 7400-7406' & 7406-7425'. Rec. 22' fractured & vugular dolo.
Morrow Sand	8700'	9010'	DST #2 (8675-8790') 7.0. 60%. Rec. 10' sand. Flow pressures, 90-180#. 30" SIP, 1039-662#. DST #3 (8785-8833') 7.0. 90%. Flowed 40 MFCGPD. Rec. 180' CC4 plus 300' ms. Flow pressures, 240-285#. 60" SIP, 3326-2784#

38

GEOLOGIC MARKERS

NAME	NEAR. DEPTH	TOP	TSURV. DEPTH
San Andres	262'		
Glorieta	1760'		
Zone Springs	2895'		
Wolfcamp	5488'		
Cisco	7108'		
Strawn	7775'		
Atoka	9310'		
Morrow	9644'		
Barnett	9010'		

Current Completion

KB: 4047.0'

DF: 4046.0'

GL: 4035.0'

Datum: KB, 12.0' above GL

West Indian Basin Unit #1

Rob Brown

8/10/99

660' FSL & 1980' FWL

Sec 17-T21S-R23E

Eddy Co, New Mexico

9-5/8", 32 #/ft, csg @ 1574'
w/920 sx, TOC @ surface

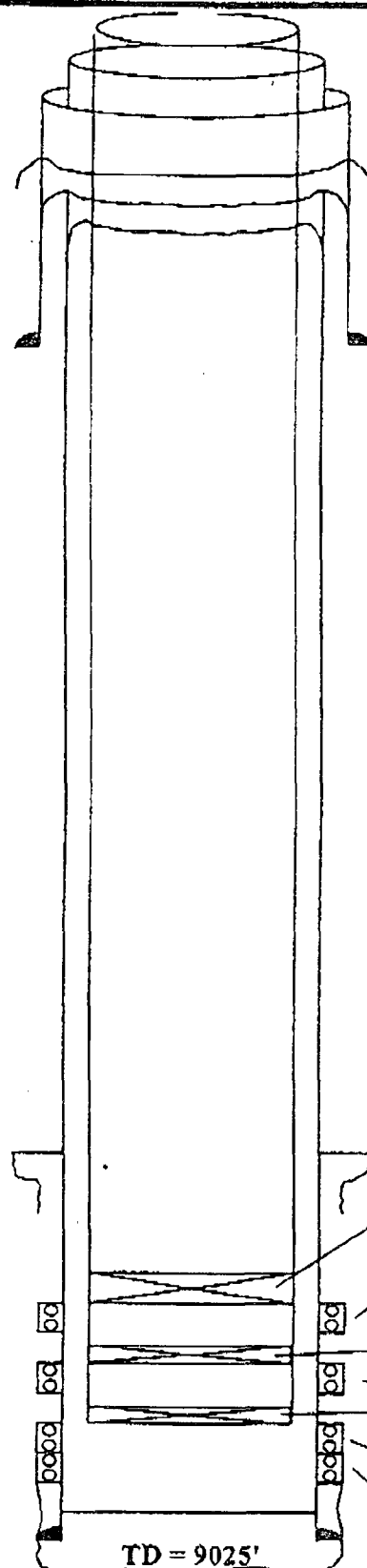
4-1/2", 11.35 #/ft FJ csg @ 7365'
w/355 sx, TOC @ surface

Freepoint - 4-1/2" free @ 4775'

TOC @ 6570' (calc)

5-1/2", 15.5/17 #/ft @ 7692'
w/300sx cement

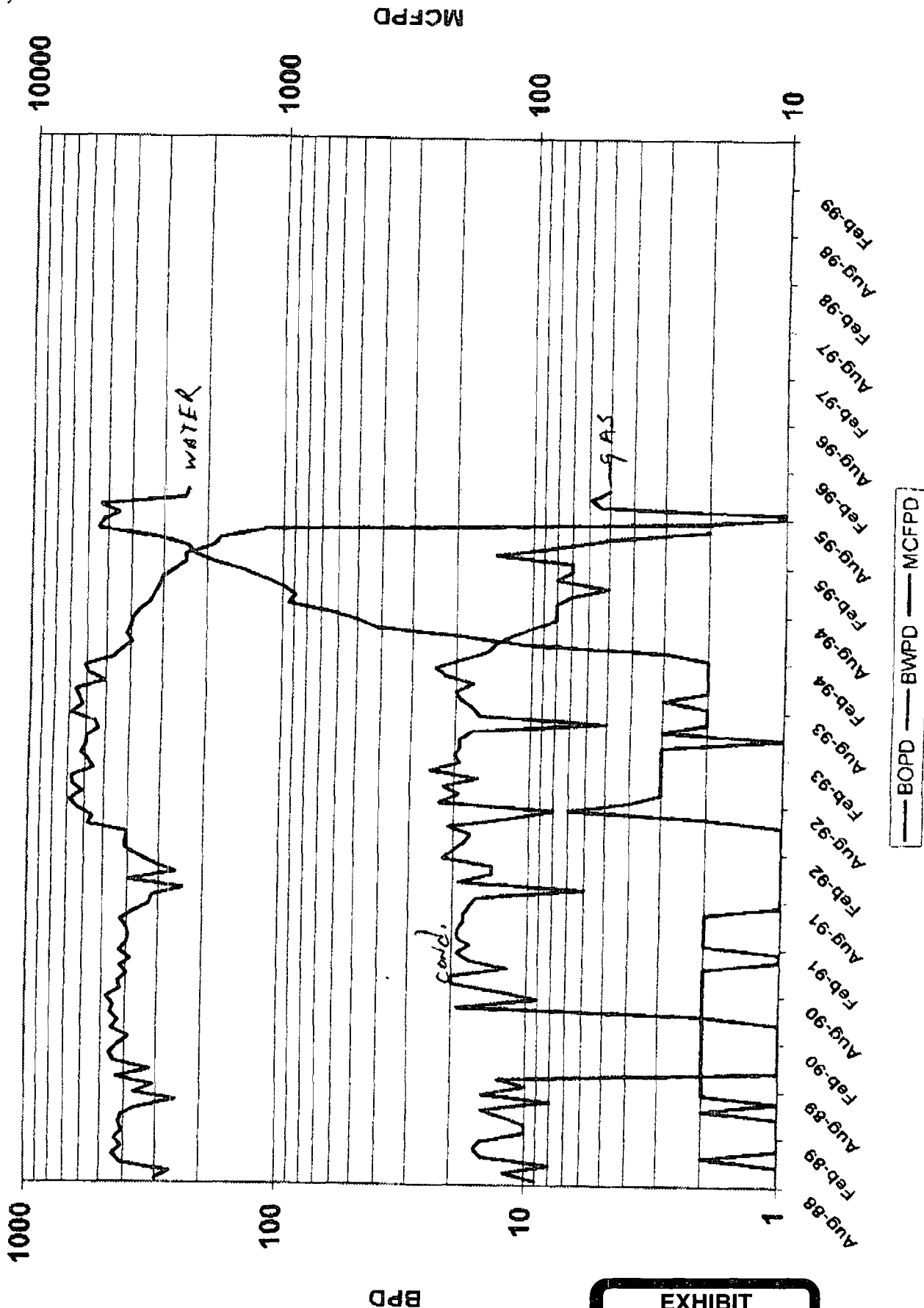
PBTD = 7405'



EXHIBIT

C

West Indian Basin Unit #1



District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name INDIAN BASIN UPPER PENN	
⁴ Property Code		⁵ Property Name WEST INDIAN BASIN UNIT			⁶ Well Number
⁷ OGRID No.		⁸ Operator Name KERR-McGEE OIL & GAS ONSHORE LLC			⁹ Elevation 4037'

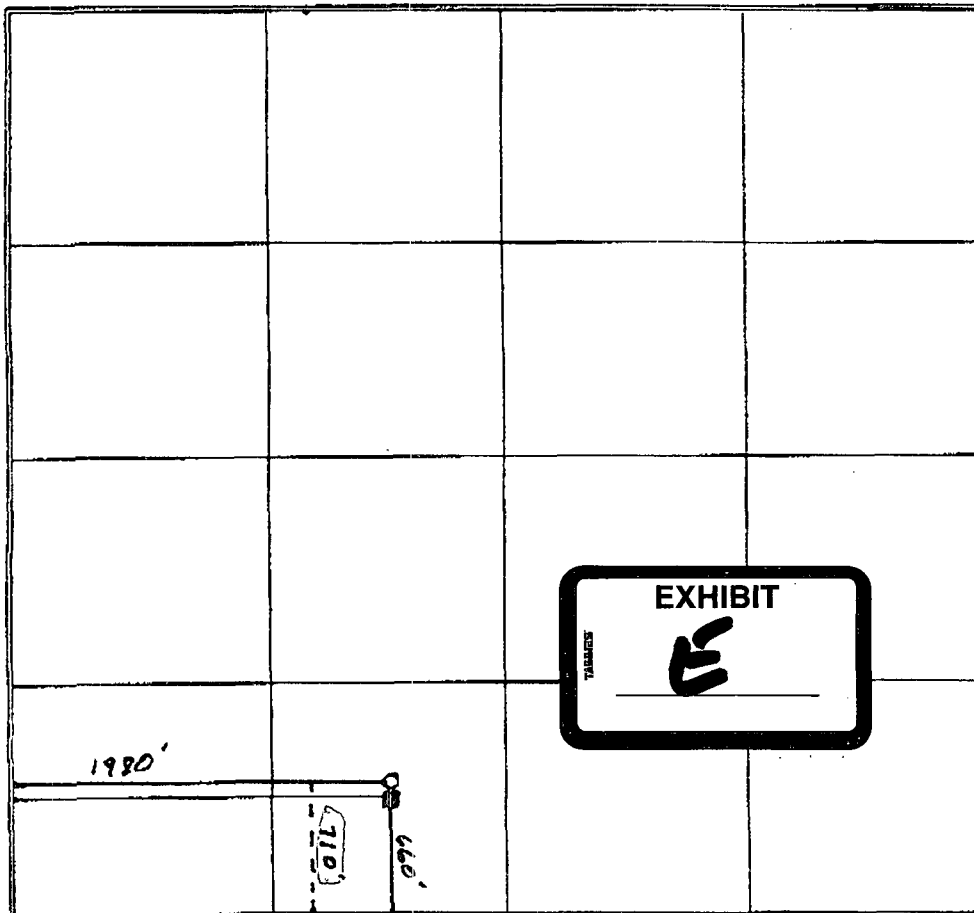
¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
N	17	21-S	23-E		1980'	WEST	660	SOUTH	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
N	17	21-S	23-E		1980'	WEST	710'	SOUTH	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Stephen Fore</i> Signature STEPHEN FORE Printed Name TECHNICAL ANALYST Title 10-13-99 Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>_____ Date of Survey Signature and Seal of Professional Surveyor:</p>
	Certificate Number

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
KERR-McGEE CORPORATION

3a. Address
P.O. Box 2880, Dallas, TX 75221-2880

3b. Phone No. (include area code)
972 715-4520

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SURFACE LOCATION N SEC 17 T 21S R 23E 660 FSL & 1980 FWL
BOTTOM HOLE LOCATION N SEC 17 T 21S R 23E 710 FSL & 1980 FWL

5. Lease Serial No.

NM07106

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
8910085600

8. Well Name and No.
WEST INDIAN BASIN #1
UNIT

9. API Well No.
30-015-10209

10. Field and Pool, or Exploratory Area
INDIAN BASIN UPPER PENN

11. County or Parish, State
EDDY NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

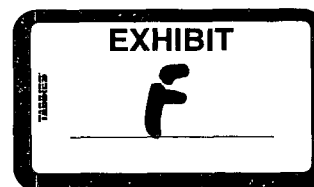
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	SIDE TRACK
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

CHANGE IN PLANS FROM SUNDRY DATE 08/12/99.

MIRU COMPLETION RIG. RU BOP'S & TEST. CUT & PULL 4 1/2" & 5 1/2" CSG @ 4500' +/- (AS DEEP AS POSSIBLE). SPOT 200' CMT PLUG ON TOP OF CSG STUB. TIH W/ BIT AND DRESS OFF CEMENT PLUG. RDMO COMPLETION RIG. MIRU DRILLING RIG. PU DIRECTIONAL DRILLING TOOLS & TIH. RUN GYRO AND ORIENT MOTOR TO KICK-OFF DUE NORTH. DRILL SIDE-TRACK TO A VERTICAL DEPTH OF 7500' IN THE UPPER PENN. DISPLACEMENT WILL BE +/- 50' TO THE NORTH. RIH W/ 7" CSG, 23 & 26#. K55, STC. CMT 7" TO 5000' +/- . RDMO DRILLING RIG & PREP FOR COMPLETION.

ATTACHMENTS



14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

STEPHEN FORE

Title

TECHNICAL ANALYST

Date 10/21/99

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

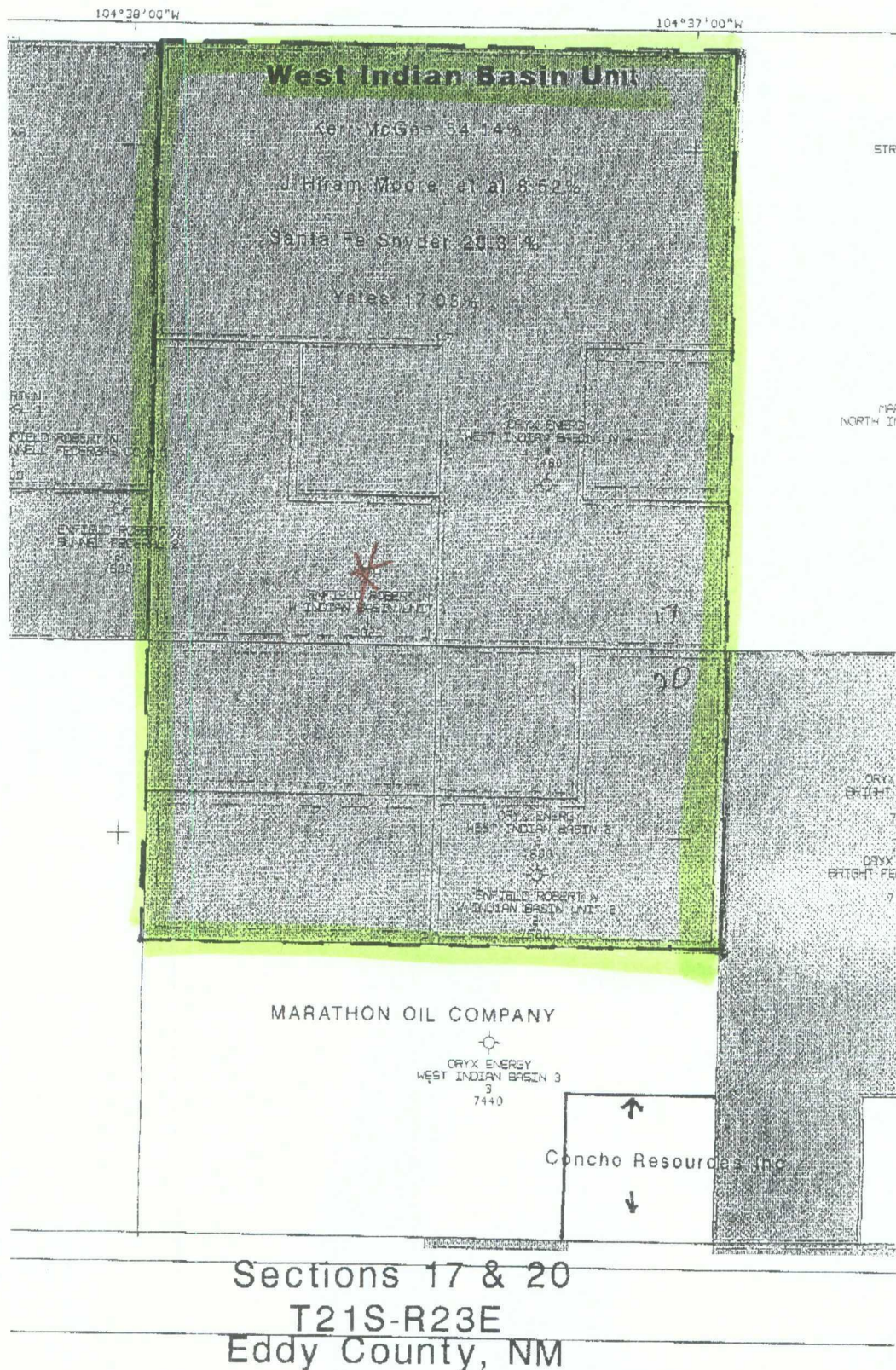
Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office



TOTAL P.07



CONCHO RESOURCES INC.

Suite 410
110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

October 14, 1999

Mr. Steve Foerster
Kerr-McGee Corporation
P. O. Box 2880
Dallas, Texas 75221-2880

Waiver of Objection

West Indian Basin Well No. 1 Sidetrack
660' FSL & 1980' FWL Section 17
T21S, R23E, NMPM
Eddy County, New Mexico

Gentlemen:

We have enclosed your letter dated October 12, 1999, regarding the request for waiver of objection to the unorthodox well location as captioned above. Concho Resources Inc. does waive its objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin as further described on such letter. Please feel free to call our office if you have any questions. Thank you.

Sincerely,

CONCHO RESOURCES INC.


Tammy Baimbridge
Land Assistant

enclosure
/tb:Indianbasin



**KERR-McGEE CORPORATION**

P. O. BOX 2880 • DALLAS, TEXAS 75221-2880
14311 WELCH ROAD • DALLAS, TEXAS 75244
PHONE (972) 715-4000 • FAX (972) 715-4089

October 12, 1999

**Sent Via Fax at 915/683-7441 &
Certified Return Receipt Requested**

Mr. Richard Winchester
Concho Resources Inc.
110 West Louisiana, Suite 410
Midland, Texas 79701

RE: Request for Waiver of Objection
to Unorthodox Well Location due to Sidetrack
West Indian Basin Well No. 1 Sidetrack,
Surface Location 660' FSL &
1980' FWL of Section 17, T21S, R23E, N.M.P.M.,
Eddy County, New Mexico

Gentlemen:

Kerr-McGee Oil & Gas Onshore LLC (formerly Oryx Energy Company) requests offset working interest owner's approval of a non-standard Indian Basin, Upper Pennsylvanian Gas Pool location for the West Indian Basin Well No. 1 Sidetrack to be located at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17. Pool rules for the Indian Basin, Upper Pennsylvanian Gas Pool require wells to be spaced no closer than 1650' from the outer boundaries nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The proration unit for the proposed sidetrack will be a previously approved 640 acre standard proration unit consisting of Section 17, T21S, R23E, Eddy County, New Mexico.

Should you have no objection to this request for waiver, please sign and date this letter in the space provided below and return it to my attention at the address on this letterhead. Also, we would appreciate being furnished a copy via fax at 972/715-4012.

Thank you, and if you should have any questions, please feel free to call me at 972/715-4608.

Concho Resources Inc.
October 12, 1999
Page 2

Sincerely,
Kerr-McGee Oil & Gas Onshore LLC



Steve Foerster
Landman

Concho Resources Inc. waives objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin, Upper Pennsylvanian Gas Pool at a at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer to the than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17.

Concho Resources Inc.

By: 

Title: Land Manager

Date: Oct. 14, 1999

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

October 26, 1999

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Joe Madron
Marathon Oil Company
P.O. Box 552
Midland, Texas 79702

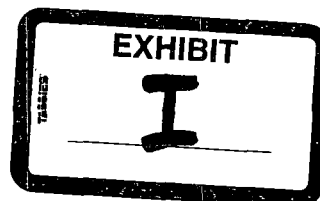
Gentlemen:

Enclosed is a copy of an administrative application for an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Kerr-McGee Oil & Gas Onshore LLC, regarding a well in Section 17, Township 21 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. If you object to the location you must notify the Division in writing no later than Monday, November 15, 1999 (2040 South Pacheco Street, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting the location at a later date.

Very truly yours,


James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC



JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

October 26, 1999

Hand Delivered

Michael E. Stogner
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee") applies for administrative approval of an unorthodox gas well location and directional drilling for the following well:

West Indian Basin Unit Well No. 1
§17, Township 21 South, Range 23 East, NMPM
Eddy County, New Mexico

Surface location: 660 feet FSL & 1980 feet FWL

Bottomhole location: A window no closer than 1650 feet to the north, east, and west lines of the section, and no closer than 660 to the south line of the section

The well was originally drilled in 1963 to a depth sufficient to test the Morrow formation, but was completed in the Cisco/Canyon formation. Attached as Exhibit A is the original well location plat, and attached as Exhibit B is the completion report. The well was later placed in the Indian Basin-Upper Pennsylvanian Gas Pool. Rules for the Pool require 640 acre spacing, with wells to be no closer than 1650 feet to the section line and no closer than 330 feet to a quarter-quarter section line. (At the time the well was drilled, the location was orthodox because the well was not within a mile of the Pool.) A current wellbore sketch is attached as Exhibit C.

The proposed location is based upon engineering and geologic reasons. Attached as Exhibit D is a production plat of the well from mid-1988 to mid-1996. Gas production was stable until water production increased, at which time the well was shut-in. Kerr-

McGee believes that there are still reserves which can be economically recovered from the well, and the location is geologically favorably in the Cisco/Canyon dolomite based on the initial potential of the well in 1963.

Kerr-McGee proposes to re-enter and sidetrack the well approximately 50 feet to the north of the current location. A new well location plat is attached as Exhibit E. The plans for the re-entry are described in the sundry notice attached as Exhibit F. (The sundry notice was approved by the Bureau of Land Management on October 21, 1999.) While Kerr-McGee only plans to sidetrack the well a short distance, the larger drilling window is requested because, until re-entry is performed, the operator cannot determine the final bottomhole location.

This location will provide the best chance of encountering potential Cisco/Canyon pay. Thus, it will reduce the risk involved in re-entering the well, and prevent waste.

Submitted as Exhibit G is a land plat of the subject area, with the surface location of the well marked thereon. The well encroaches only to the south, and offset leasehold ownership is as follows:

<u>Tract</u>	<u>Operator/Lessee</u>
N $\frac{1}{4}$ §20 ¹	Kerr-McGee (Operator)
N $\frac{1}{4}$ S $\frac{1}{4}$, S $\frac{1}{4}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SE $\frac{1}{4}$ §20	Marathon Oil Company (Lessee)
SE $\frac{1}{4}$ SE $\frac{1}{4}$ §20	Concho Resources Inc. (Lessee)

Concho Resources Inc. has waived objection to the location, and its waiver letter is marked Exhibit H. A copy of the notice letter sent to Marathon Oil Company is attached as Exhibit I.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,


James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC

¹The N $\frac{1}{4}$ §17 is part of the West Indian Basin Unit.

NUMBER OF COPIES RECEIVED	
DISTRIBUTION	
STATE	
COUNTY	
LAND OFFICE	
TRANSPORTER	
OPERATION OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT
 SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

FORM C-128
 Revised 5/1/57

SECTION A

Operator Robert N. Knfield		Lease English-Federal		Well No. 1
Unit Letter N	Section 17	Township 21 South	Range 23 East	County Eddy
Actual Footage Location of Well: 660' feet from the South line and 1980 feet from the West line				
Ground Level Elev. 4037	Producing Formation Morrow	Pool Undesignated	Dedicated Acreage: 40 Acres	

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES _____ NO _____. ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES _____ NO _____. If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

SECTION B

R 23 E	
17	
1980	
660'	

CERTIFICATION

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name Owner
Position Owner
Company ROBERT N. KNFIELD
Date 9/26/63

I hereby certify that the well location shown on the plat in SECTION B was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed September 24, 1963
Registered Professional Engineer and/or Land Surveyor [Signature]

T
21
S

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPL

(S. get in-
structions on
reverse side)Form approved,
Budget Bureau No. 42-7355.5.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other _____		5. LEASE DESIGNATION AND SERIAL NO. NM 07106									
b. TYPE OF COMPLETION: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. DESV. <input type="checkbox"/> Other _____		6. IF INDIAN, ALLOTTEE OR TRIBE NAME									
2. NAME OF OPERATOR ROBERT M. KNIFIELD		7. UNIT AGREEMENT NAME West Indian Basin									
3. ADDRESS OF OPERATOR P. O. Box 807, Roswell, New Mexico		8. FARM OR LEASE NAME									
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements): At surface 660' FSL & 1980' FSL of Section 17 At top prod. interval reported below Same At total depth Same		9. WELL NO. 1									
14. PERMIT NO.		13. STATE New Mexico									
DATE ISSUED		12. COUNTY OR PARISH Eddy									
15. DATE STUDDED Sept 30, 1963	16. DATE T.D. REACHED Nov. 22, 1963	17. DATE COMPL. (Ready to prod.) December 10, 1963	18. ELEVATIONS (OF, HSB, RT, CE, ETC.) * 1047' D.F.								
19. ELEV. CASINGHEAD 1037'	20. TOTAL DEPTH, MD & TVD 9025'										
21. PLUG BACK T.D., MD & TVD 7692'	22. IF MULTIPLE COMPL., HOW MANY?	23. INTERVALS DRILLED BY Surf. to T.D.	24. ROTARY TOOLS Surf. to T.D.								
25. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD): 7396'-7450' Cisco-Canyon			26. WAS DIRECTIONAL SURVEY MADE Yes								
27. TYPE ELECTRIC AND OTHER LOG RUN Gamma Ray-Acoustic, Induction, S.S., Dipmeter			28. WAS WELL CORRED Yes								
29. CASING RECORD (Report all strings set in well)											
CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED						
20" Conductor pipe		25'		sacks cement	None						
13-3/8"	48#	175'	17 1/2"	300 "	"						
9-5/8"	32#	1574'	12 3/4"	920 "	"						
5 1/2"	15.5# & 17#	7692'	8-3/4"	300 "	"						
30. TUBING RECORD				31. PERFORATION RECORD (Interval, size and number)							
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)				
2-3/8"					7396'	7350'	7319'				
32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.				33. PRODUCTION							
DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED										
7396-7450'	2000 gals. 15% mud acid										
DATE FIRST PRODUCTION				PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)			
12-10-63				Flowing				Shut-in			
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO				
12-10-63	2 1/2	26/64"	→	85 (dilat.)	2,118	None	113,703 CF/bbl.				
FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY API (CORR.)					
2007#	95.7	→	9 bbls/MOGE	57,000	None	59.7°					
34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)								TEST WITNESSED BY H. Lee Harvard			
35. LIST OF ATTACHMENTS								36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records			
SIGNED H. Lee Harvard				TITLE Geologist-Engineer				DATE Dec. 17, 1963			

*(See Instructions and Spaces for Additional Data on Reverse Side)



INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on Items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see Item 33.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 16: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in Item 22, and in Item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in Item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool. Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for Items 22 and 24 above.)

37. SUMMARY OF POROUS ZONES:
SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SEBUTIN PRESSURES, AND RECOVERIES

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	38. GEOLOGIC MARKERS		
				NAME	MEAS. DEPTH	TRUE VERT. DEPTH
San Andres	262'	1760'	Dolo and sand w/scattered zones of porosity. Water zones at 830-850' and 1350-1520'.	San Andres	262'	
Wolfcamp La			Gas odor noted @ 6220' while drilling with air.	Clariata	1760'	
Clasco Dolo	7348'	7186'	DST #1 (7335-7400') T.O. 90". Flowed est. 10.9 MCF/D. Rec. 10' distillate. Flow pressures, 2763-2794#. 60' shut-in pressure, 2901-2931#. Cores 7400-7406' & 7406-7425'. Rec. 22' fractured & vugular dolo.	Hone Springs	2895'	
				Wolfcamp	5188'	
				Clasco	7108'	
				Strawn	7775'	
				Atoka	8310'	
				Horrow	8644'	
				Barnett	9010'	
Horrow Sand	8700'	9010'	DST #2 (8675-8790') T.O. 60". Rec. 10' sand. Flow pressures, 90-180#. 30" SIP, 1039-662#. DST #3 (8785-8833') T.O. 90". Flowed 40 MCF/D. Rec. 180' CC4 plus 300' xs. Flow pressures, 240-285#. 60" SIP, 3326-2784#			

Current Completion

KB: 4047.0'

DF: 4046.0'

GL: 4035.0'

Datum: KB, 12.0' above GL

West Indian Basin Unit #1

Rob Brown

8/10/99

660' FSL & 1980' FWL

Sec 17-T21S-R23E

Eddy Co, New Mexico

9-5/8", 32 #/ft, csg @ 1574'
w/920 sx, TOC @ surface

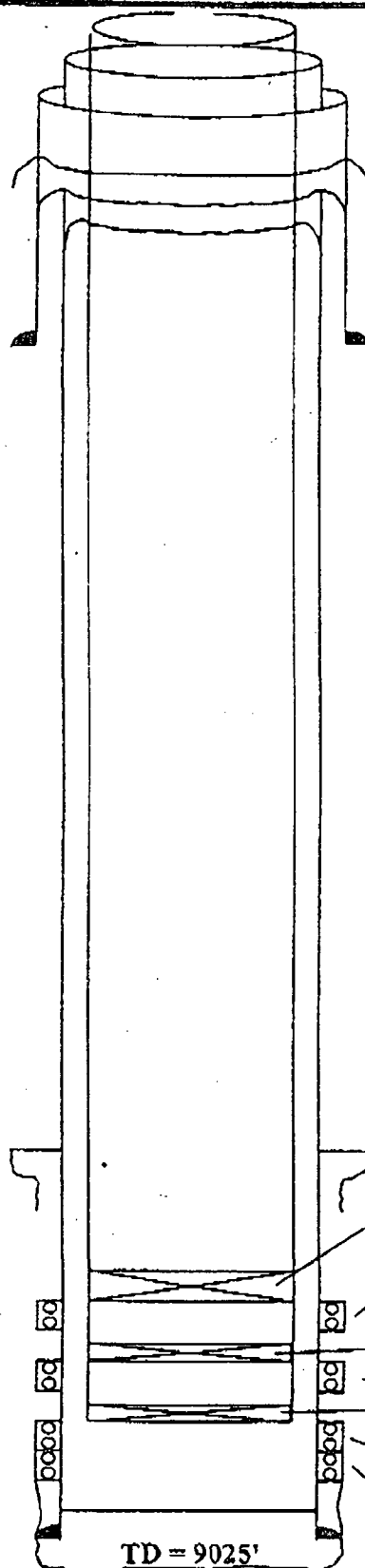
4-1/2", 11.35 #/ft FJ csg @ 7365'
w/355 sx, TOC @ surface

Freepoint - 4-1/2" free @ 4775'

TOC @ 6570' (calc)

5-1/2", 15.5/17 #/ft @ 7692'
w/300sx cement

PBTD = 7405'



CIBP @ 7050' w/35' cmt

Perfs @ 7098-7100', 7104-8',
7136-42', 7162-66', 7194-7204',
7234-40' w/4 jspf

CIBP @ 7245'

Perfs @ 7250-58', 7288-7308'

CIBP @ 7350' w/10' cmt

Perfs @ 7357-7401' w/4 jspf

Sqzd perfs @ 7412-7459'

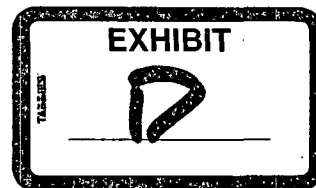
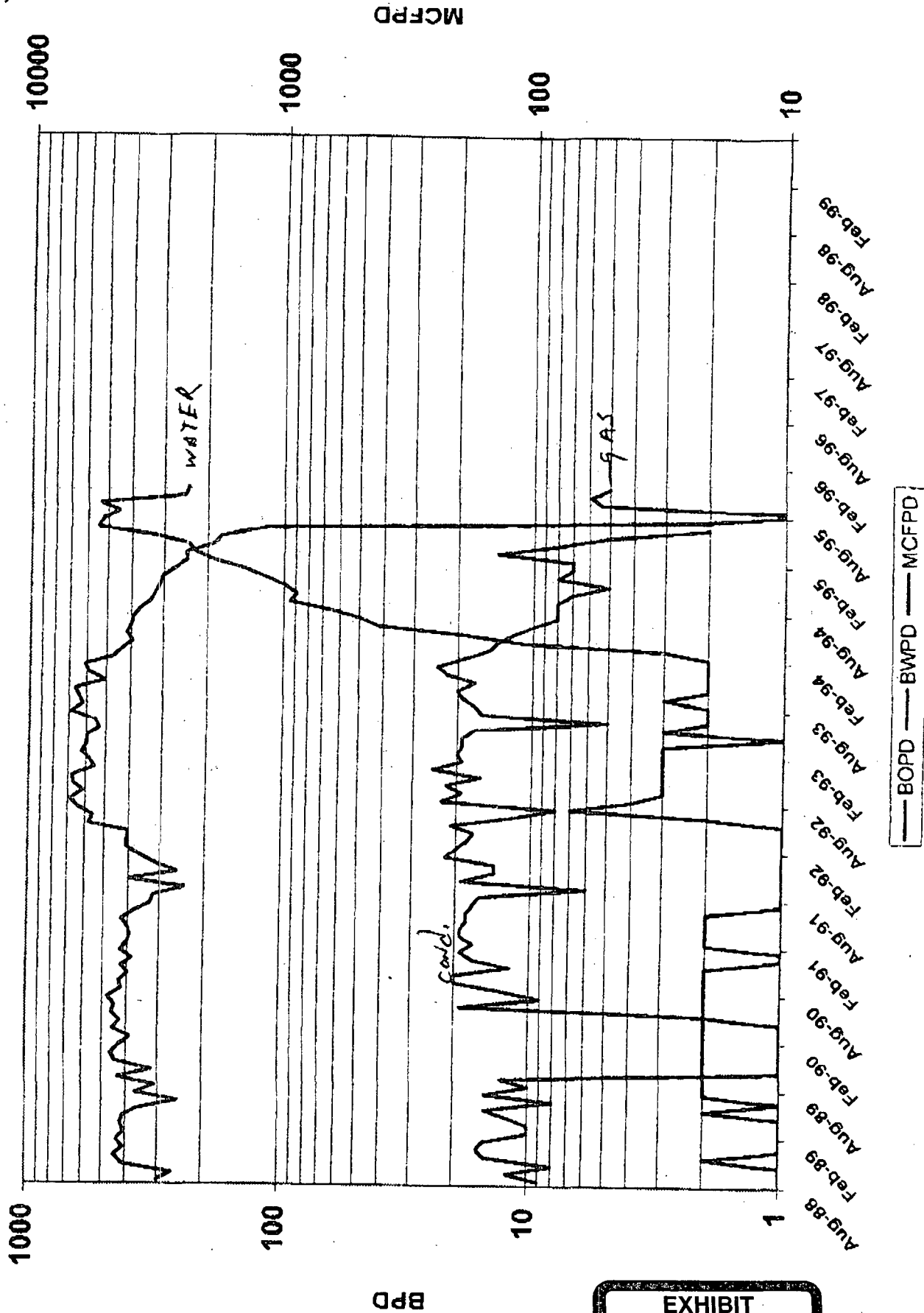
TD = 9025'

EXHIBIT

C



West Indian Basin Unit #1



District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 S. 1st Street, Artesia, NM 88210-2834
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name INDIAN BASIN UPPER PENN	
⁴ Property Code		⁵ Property Name WEST INDIAN BASIN UNIT			⁶ Well Number
⁷ OGRID No.		⁸ Operator Name KERR-McGEE OIL & GAS ONSHORE LLC			⁹ Elevation 4037'

¹⁰ Surface Location									
UL or lot no. N	Section 17	Township 21-S	Range 23-E	Lot. Idn	Feet from the 1980'	North/South Line WEST	Feet from the 660	East/West line SOUTH	County EDDY

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. N	Section 17	Township 21-S	Range 23-E	Lot. Idn	Feet from the 1980'	North/South Line WEST	Feet from the 710'	East/West line SOUTH	County EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature STEPHEN FORE Printed Name TECHNICAL ANALYST Title 10-13-99 Date
	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
KERR-MCGEE CORPORATION

3a. Address
P.O. Box 2880, Dallas, TX 75221-2880

3b. Phone No. (include area code)
972 715-4520

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SURFACE LOCATION N SEC 17 T 21S R 23E 660 FSL & 1980 FWL
BOTTOM HOLE LOCATION N SEC 17 T 21S R 23E 710 FSL & 1980 FWL

FORM APPROVED

Budget Bureau No. 1004-0135
Expires July 31, 1996

5. Lease Serial No.

NM07106

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
8910085600

8. Well Name and No.
WEST INDIAN BASIN #1
UNIT

9. API Well No.
30-015-10209

10. Field and Pool, or Exploratory Area
INDIAN BASIN UPPER PENN

11. County or Parish, State
EDDY NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	SIDE TRACK
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

CHANGE IN PLANS FROM SUNDRY DATE 08/12/99.

MIRU COMPLETION RIG. RU BOP'S & TEST. CUT & PULL 4 1/2" & 5 1/2" CSG @ 4500' +/- (AS DEEP AS POSSIBLE). SPOT 200' CMT PLUG ON TOP OF CSG STUB. TIH W/ BIT AND DRESS OFF CEMENT PLUG. RDMO COMPLETION RIG. MIRU DRILLING RIG. PU DIRECTIONAL DRILLING TOOLS & TIH. RUN GYRO AND ORIENT MOTOR TO KICK-OFF DUE NORTH. DRILL SIDE-TRACK TO A VERTICAL DEPTH OF 7500' IN THE UPPER PENN. DISPLACEMENT WILL BE +/- 50' TO THE NORTH. RIH W/ 7" CSG. 23 & 26#. K55, STC. CMT 7" TO 5000'+/-. RDMO DRILLING RIG & PREP FOR COMPLETION.

ATTACHMENTS



14. I hereby certify that the foregoing is true and correct:
Name (Printed/Typed)

STEPHEN FORE

Title

TECHNICAL ANALYST

Date 10/21/99

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

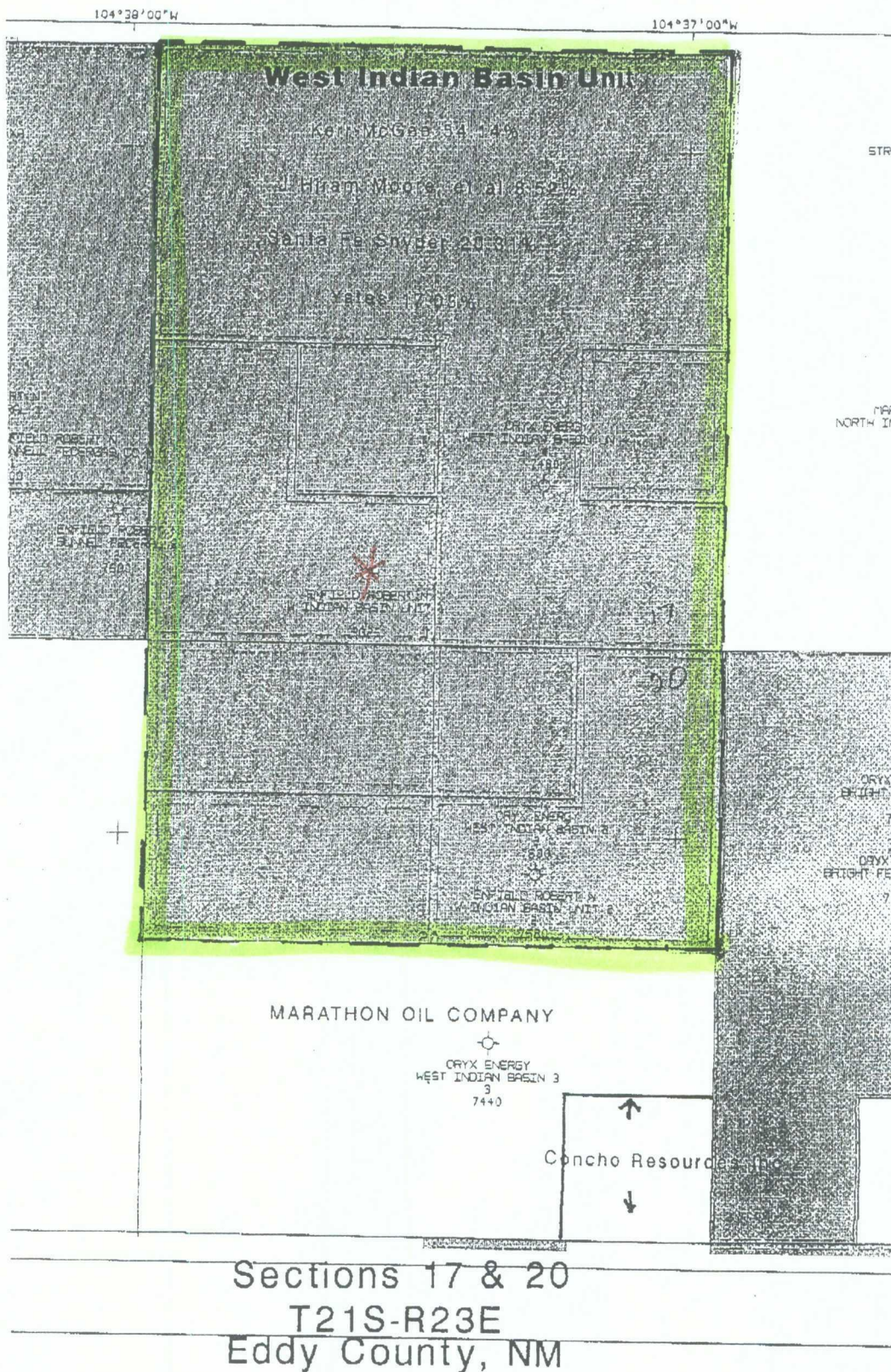
Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lands which would entitle the applicant to conduct operations thereon.

Office



TOTAL P.07



CONCHO RESOURCES INC.

Suite 410

110 W. Louisiana
Midland, Texas 79701

(915) 683-7443
FAX 683-7441

October 14, 1999

Mr. Steve Foerster
Kerr-McGee Corporation
P. O. Box 2880
Dallas, Texas 75221-2880

Waiver of Objection

West Indian Basin Well No. 1 Sidetrack
660' FSL & 1980' FWL Section 17
T21S, R23E, NMPM
Eddy County, New Mexico

Gentlemen:

We have enclosed your letter dated October 12, 1999, regarding the request for waiver of objection to the unorthodox well location as captioned above. Concho Resources Inc. does waive its objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin as further described on such letter. Please feel free to call our office if you have any questions. Thank you.

Sincerely,

CONCHO RESOURCES INC.


Tammy Baimbridge
Land Assistant

enclosure
/tb:Indianbasin



**KERR-McGEE CORPORATION**

P. O. BOX 2980 • DALLAS, TEXAS 75221-2980
14311 WELCH ROAD • DALLAS, TEXAS 75244
PHONE (972) 715-4000 • FAX (972) 715-4089

October 12, 1999

**Sent Via Fax at 915/683-7441 &
Certified Return Receipt Requested**

Mr. Richard Winchester
Concho Resources Inc.
110 West Louisiana, Suite 410
Midland, Texas 79701

RE: Request for Waiver of Objection
to Unorthodox Well Location due to Sidetrack
West Indian Basin Well No. 1 Sidetrack,
Surface Location 660' FSL &
1980' FWL of Section 17, T21S, R23E, N.M.P.M.,
Eddy County, New Mexico

Gentlemen:

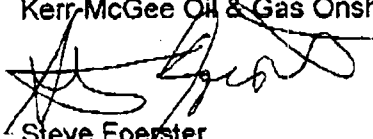
Kerr-McGee Oil & Gas Onshore LLC (formerly Oryx Energy Company) requests offset working interest owner's approval of a non-standard Indian Basin, Upper Pennsylvanian Gas Pool location for the West Indian Basin Well No. 1 Sidetrack to be located at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17. Pool rules for the Indian Basin, Upper Pennsylvanian Gas Pool require wells to be spaced no closer than 1650' from the outer boundaries nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The proration unit for the proposed sidetrack will be a previously approved 640 acre standard proration unit consisting of Section 17, T21S, R23E, Eddy County, New Mexico.

Should you have no objection to this request for waiver, please sign and date this letter in the space provided below and return it to my attention at the address on this letterhead. Also, we would appreciate being furnished a copy via fax at 972/715-4012.

Thank you, and if you should have any questions, please feel free to call me at 972/715-4608.

Concho Resources Inc.
October 12, 1999
Page 2

Sincerely,
Kerr-McGee Oil & Gas Onshore LLC



Steve Foerster
Landman

Concho Resources Inc. waives objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin, Upper Pennsylvanian Gas Pool at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer to the than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17.

Concho Resources Inc.

By: 

Title: Land Manager

Date: Oct. 14, 1999

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

October 26, 1999

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Joe Madron
Marathon Oil Company
P.O. Box 552
Midland, Texas 79702

Gentlemen:

Enclosed is a copy of an administrative application for an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Kerr-McGee Oil & Gas Onshore LLC, regarding a well in Section 17, Township 21 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. If you object to the location you must notify the Division in writing no later than Monday, November 15, 1999 (2040 South Pacheco Street, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting the location at a later date.

Very truly yours,


James Bruce

Attorney for Kerr-McGee
Oil & Gas Onshore LLC



CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION10/26/99 15:30:27
OGOMES -TPF5
PAGE NO: 2

Sec : 17 Twp : 21S Rng : 23E Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned A	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned A	O 40.00 Federal owned	P 40.00 Federal owned

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION10/26/99 15:30:06
OGOMES -TPFE
PAGE NO: 2

Sec : 17 Twp : 17S Rng : 23E Section Type : NORMAL

L 40.00 Federal owned	K 40.00 Federal owned	J 40.00 Federal owned	I 40.00 Federal owned
M 40.00 Federal owned	N 40.00 Federal owned	O 40.00 Federal owned	P 40.00 Federal owned

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

KERR MCGEE CORPORATION
14311 Welch Road
Dallas, TX 75244
PO Box 2880
Dallas TX 75221-2880

FAX MESSAGE - COVER SHEETDATE: 10/8/99U.S. Onshore
FAX: 972/715-4012

NAME	COMPANY	CITY/FAX NUMBER
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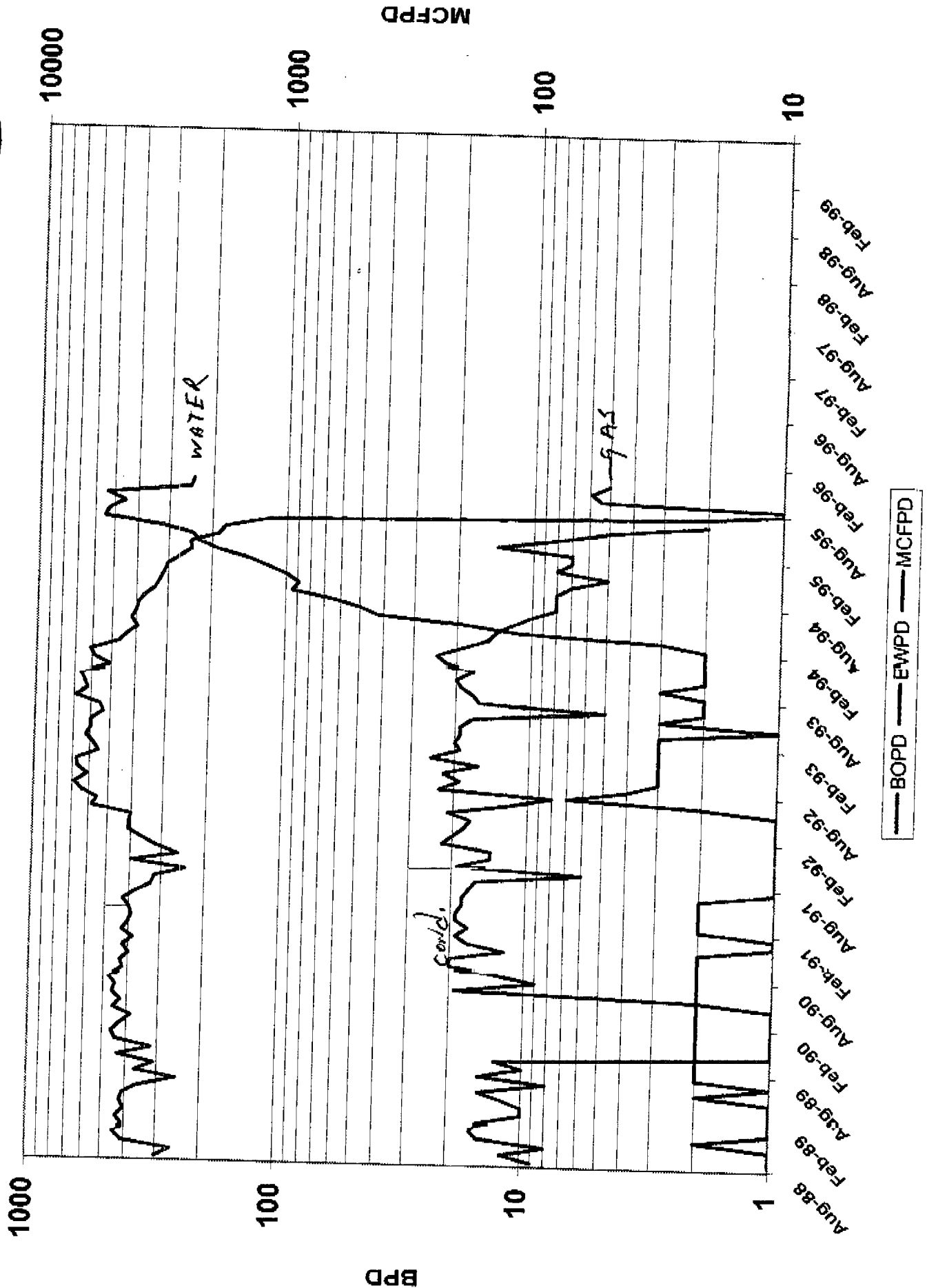
TO: Michael Stegner 505-827-1389

NUMBER OF PAGES BEING SENT. (including cover page) <u>3</u>	<input type="checkbox"/> TELETYPE	<input type="checkbox"/> TELEPHONE
FROM: <u>Stephen Fore</u>	ROOM #	PHONE # <u>972-715-4520</u>
SPECIAL INSTRUCTIONS OR COMMENTS:		

If you have any problems receiving this message, please call Cherry Coffey at 972/715-4675.



West Indian Basin Unit #1



Current Completion

KB: 4047.0'

DF: 4046.0'

GL: 4035.0'

Datum: KB, 12.0' above GL

West Indian Basin Unit #1

Rob Brown 8/10/99

660' FSL & 1980' FWL

Sec 17-T21S-R23E

Eddy Co, New Mexico

0 3/8", 32 #/ft, csg @ 1574'

w/920 sx, TOC @ surface

4-1/2", 11.35 #/ft FJ csg @ 7365'

w/355 sx, TOC @ surface

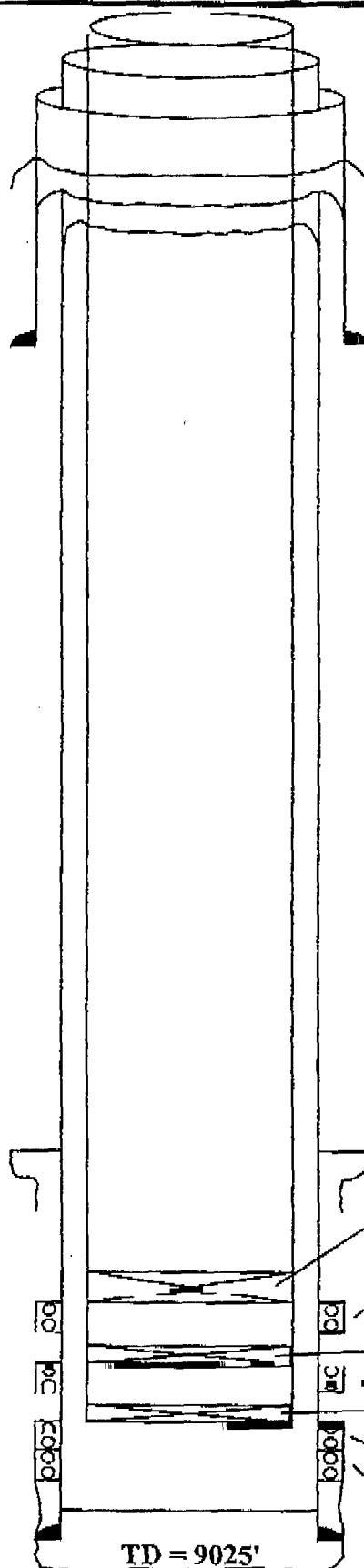
Freepoint - 4-1/2" free @ 4775'

TOC @ 6570' (calc)

5-1/2", 15.5/17 #/ft @ 7692'

w/300sx cement

PBTD = 7405'



OCT-09-1999 10:27

WEER MOORE CORPORATION

972 715 4012 P.04-07

NUMBER OF COPIES RECEIVED	
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LAND OFFICE	
TRANSPORTER	OIL GAS
PRODUCTION OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT
 SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

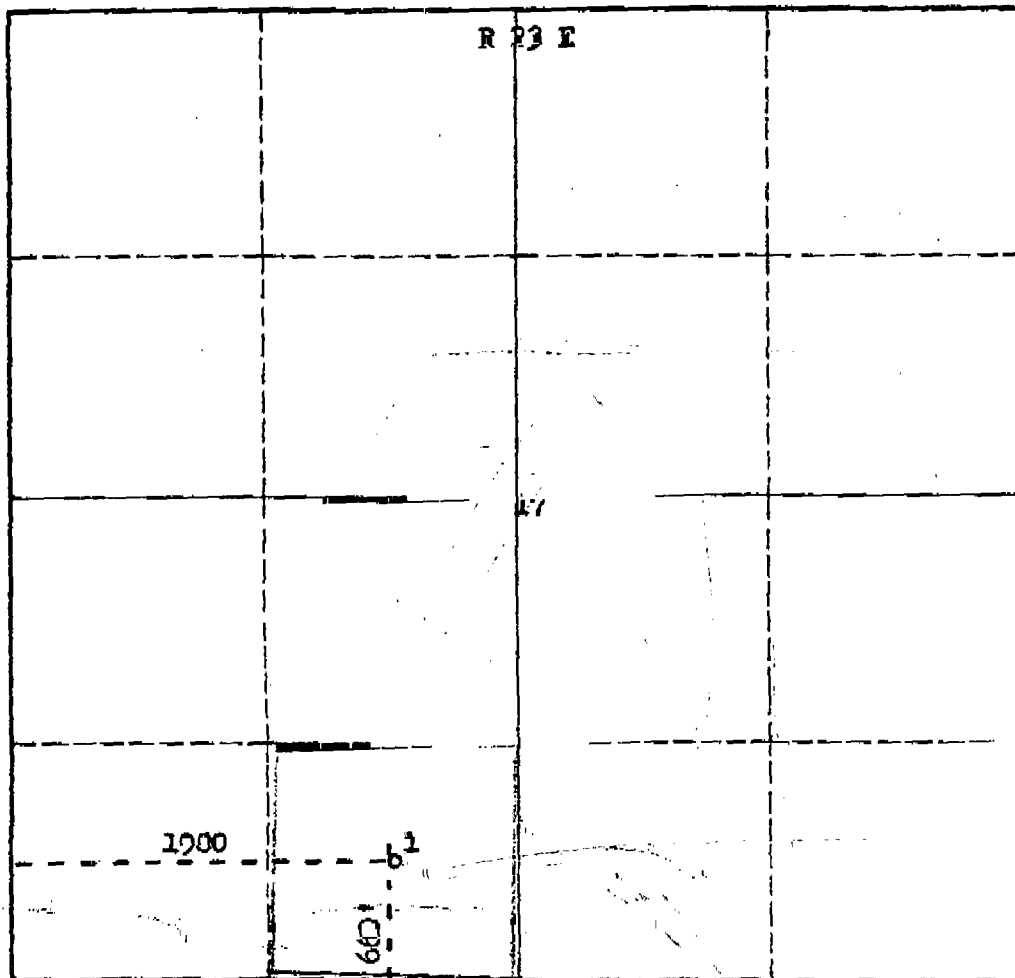
FORM C-128
Revised 5/1/57

SECTION A

Operator Robert N. Enfield		Lease English-Federal		Well No. 1
Unit Letter N	Section 17	Township 21 South	Range 23 East	County Eddy
Actual Footage Location of Well: 660' feet from the South line and 1980 feet from the West line				
Ground Level Elev. 4037	Producing Formation Morrow	Pool Undesignated	Dedicated Acreage: 40 Acres	
1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES _____ NO _____. ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and others. (65-7-34 (a) NMLA 1935 Comp.)				
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES _____ NO _____. If answer is "yes," Type of Consolidation _____				
3. If the answer to question two is "no," list all the owners and their interests below:				

Owner	Land Brought in

SECTION B



CERTIFICATION

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name	Enfield
Position	Owner
Company	ROBERT N. ENFIELD
Date	9/26/63

I hereby certify that the well location shown on this plat is **DEED** was plotted from field notes of actual surveys made by me or under my **Attestation**, and that the same is true and correct to the best of my **knowledge** and belief.

Date Surveyed	September 26, 1963
Registered Professional Engineer	James H. Brown
Land Surveyor	

(REV. 10-65)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLI E*

(See back... instructions on reverse side)

Form approved,
Budget Revision No. 10 10-65**WELL COMPLETION OR RECOMPLETION REPORT AND LOG ***1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ Other ☐

b. TYPE OF COMPLETION:

NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ Other ☐

2. NAME OF OPERATOR

ROBERT M. FAZFIELD

3. ADDRESS OF OPERATOR

P. O. Box 807, Roswell, New Mexico

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface

660' FSL. & 1980' FSL of Section 17

At top prod. interval reported below

Same

At total depth

Same

14. PERMIT NO.

DATE ISSUED

15. DATE SPUDDED 16. DATE T.D. REACHED 17. DATE COMPL. (Ready to prod.) 18. ELEVATIONS (DF, RKE, RT, GR, ETC.)* 19. ELEV. CASINGHEAD

Sept 30, 1963 Nov. 22, 1963 December 10, 1963**4047' D.F.****4037'**

20. TOTAL DEPTH, MD & TVD 21. PLUG BACK T.D., MD & TVD 22. IS MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 24. ROTARY TOOLS 25. CABLE TOOLS

9025'**7692'****Surf. to T.D.**

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

7396'-7450' Cisco-Canyon

25. WAS DIRECTIONAL SURVEY MADE

Yes

26. TYPE ELECTRIC AND OTHER LOGS RUN

Gamma Ray-Acoustic, Induction-F.S., Dipmeter

27. WAS WELL CORED

Yes

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
20" Conductor pipe		25'		sacks cement	None
13-3/8"	48#	174'	17 1/2"	300 "	"
9-5/8"	32#	1574'	12 3/4"	920 "	"
5 1/2"	15.5# & 17#	7692'	8 3/4"	300 "	"

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-3/8"	7350'	7319'

31. PERFORATION RECORD (Interval, size and number)

Perf'd 7396-7402', 7412-22', 7428-36',
7444-50' with 4 jet shots per foot

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
7396-7450'	2000 gals. 15% mud acid

33. PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
		Flowing				Shut-in	
DATE OF TEST	HOURS TESTED	CHOKES SIZE	PROD'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO
12-10-63	22	2A/61"	→	86 (dist.)	8,118	None	113,703 CF/bbl.
FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-API (CORR.)	
2007#	35#	→	9 bbls/MCF	57,000	None	59.7°	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

TEST WITNESSED BY

H. Lee Harvard

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

TITLE

Geologist-Engineer

DATE

Dec. 17, 1963

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases, whether a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form are the number of copies to be submitted, pertinent to with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instruction on Items 22 and 24, and 33, below regarding separate reports for separate completions. If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure test, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see Item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces of this form and in any attachments.

Items 22 and 24: If the well is completed for separate production from more than one interval zone (multiple completion), so state in Item 22, and in Item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval recorded in Item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Gauge Correlator": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. See instruction for Items 22 and 24 above.

31. SUMMARY OF RECORD ZONES:

SHOW ALL APPROPRIATE ZONES OF DEPOSIT AND CONTAINING THEREOF: COARSE INTERVALS; AN ALL-DATA-STEM ZONES, INCLUDING DEPTH INTERVAL, PRESSURE, CORRELATION, USE, FILL TOOL, OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES

FORMATION	ZONE	DEPTH	DESCRIPTION, CONTENTS, ETC.	33.	GEOLOGIC MARKERS	W.D.S. DEPTH	THICKNESS, DEPTH
San Andres	262'	1760'	Dolo and sand w/scattered zones of porosity. Water now at 830-850' and 1350-1520'.		San Andres	262'	
Wolfcamp ls			Gas odor noted at 622' while drilling with air.		Glaciola	1760'	
Clisco Dolo	7348'	7186'	DST #1 (7335-7400') T.O. 90". Flowed est. 10.9 MCF/GPD. Rec. 10' shut-in pressures, 2763-2794'. 60" shut-in pressure, 2701-2701A. Cores 7400-7406' & 7406-7425'. Rec. 22' fractured & vugular dolo.		Boze Springs	2595'	
					Wolfcamp	7186'	
					Clisco	7108'	
					St. Anna	7775'	
					Atoka	5310'	
					Harrow	5644'	
					Darnett	7010'	
Harrow Sand	8700'	9010'	DST #2 (8675-8790'). T.O. 60". Rec. 10' and. Flow pressures, 90-180". 30" SIP, 1039-664'. DST #3 (8785-8833') T.O. 90". Flowed 40 MCF/GPD. Rec. 180' 204 plus 300' no. Flow pressures, 240-254'. 60" SIP, 3326-2784'.				

104°38'00"W

104°37'00"W

WEST INDIAN BASIN UNIT

Kerr-McGee 54.14%

BRIGHT FIELD UNIT

Enfield Robert N. 20.31%

Yates 17.03%

TEXA

57R8

TEXA

MARATHON
NORTH INDIAN

ENFIELD ROBERT N.
WEST INDIAN BASIN UNIT 2

ORYX ENERGY

ENFIELD ROBERT N.
WEST INDIAN BASIN UNIT 2

ENFIELD ROBERT N.
WEST INDIAN BASIN UNIT 2

7680

WEST INDIAN BASIN 2

7680

ENFIELD ROBERT N.
WEST INDIAN BASIN UNIT 2

7680

ORYX ENERGY
BRIGHT FIELD

ORYX ENERGY
BRIGHT FIELD

77

MARATHON OIL COMPANY

ORYX ENERGY
WEST INDIAN BASIN 3
3
7440

Concho Resources Inc.

Sections 17 & 20
T21S-R23E
Eddy County, NM

TOTAL P.07

P.07

972 715 4012

8:24

FRI

104°38'00"W

104°37'00"W

West Indian Basin Unit

Kerr-McGee 54.14%

J Hiram Moore, et al 8.52%

Santa Fe Snyder 20.31%

Yates 17.03%

TEXA

STRO

ROBERT N
FEDERAL 1

MAR
NORTH INC

ENFIELD ROBERT N
BUNNELL FEDERAS CO 1
7500

DRYX ENERGY
WEST INDIAN BASIN UNIT 4
7480

ENFIELD ROBERT N
BUNNELL FEDERAS CO 2
7500

ENFIELD ROBERT N
WEST INDIAN BASIN UNIT
9025

DRYX ENERGY
WEST INDIAN BASIN 3
7580

ENFIELD ROBERT N
WEST INDIAN BASIN UNIT 2
7580

DRYX
BRIGHT F

DRYX
BRIGHT F

MARATHON OIL COMPANY

DRYX ENERGY
WEST INDIAN BASIN 3
7440

Concho Resources Inc

Sections 17 & 20
T21S-R23E
Eddy County, NM

Stogner, Michael

From: Fore, Steve[SMTP:SFore@kmg.com]
Sent: Monday, October 04, 1999 11:20 AM
To: Stogner, Michael
Subject: West Indian Basin Unit #1



WIBU1.XLS

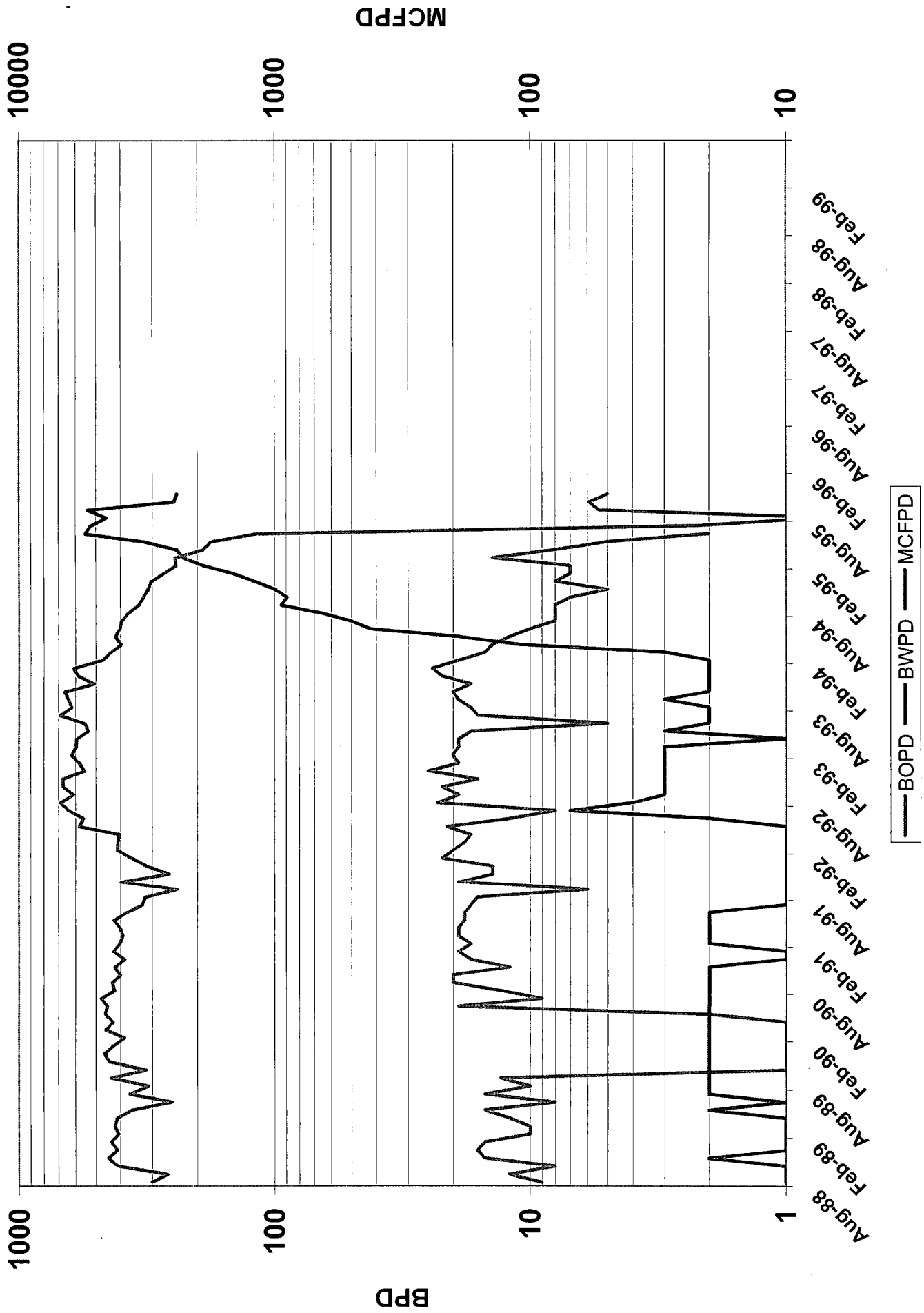
Michael Stogner,

The location of the West Indian Basin Unit #1 as mention on the phone is 1980' FWL & 660' FSL in sec 17, T 21 S, R 23E. Spud 09-30-63 and completion date 12-10-63 in Cisco-Canyon (upper penn) 7396' - 7450'. Well is grandfathered with 200,000 MCF per month allowable. Attachment is production volumes for the well and indicates the volume of water associated with gas volumes. The well bore design is 9 5/8" csg @ 1574', 5 1/2" csg @ 7692', 4 1/2" csg @ 7365'. A good time for a conference call for us would be 9:30 Mt on October 8, 99. Robert is out of the office today and then back for the rest of the week. I'll try to verify time with him. Please advise me if you're available at this time or set another time for a conference call. Thanks for your time and advice.

Stephen Fore
972-715-4520

<<WIBU1.XLS>>

West Indian Basin Unit #1



WEST INDIAN BASIN UNIT AREA

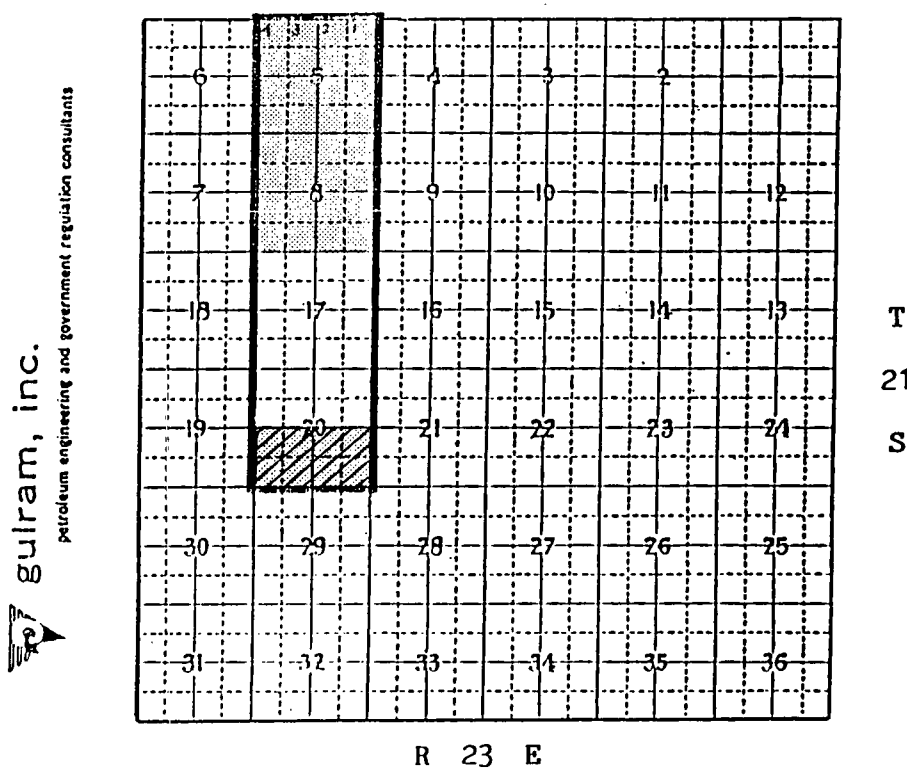
No. 14-08-0001-8560

APPROVED: October 24, 1963

EFFECTIVE: October 24, 1963

EXPLORATORY

Eddy County, New Mexico



Original Unit Land

Federal 2,521.28 acres

State 40.00 acres

Total 2,561.28 acres

/// - Not Committed

■ - Lands Automatically Eliminated, effective January 2, 1969

Remaining Unit Land

Federal 960.00 acres

Unit Name: West Indian Basin
Contract Number: 14-08-0001-8560
Automatic Elimination Date: January 2, 1969
Operator: Robert N. Enfield

PARTICIPATING AREAS (PA)

Name: Initial Cisco-Canyon
Well Name: West Indian Basin Unit No. 1
Location: SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 17, T. 21 S., R. 23 E.
Legal PA Description: All Sec. 17, and all Sec. 20, T. 21 S., R. 23 E.
Effective Date: December 10, 1963
PA Total Acres: 1,280.00
(960.00 acres participate)



Stogner, Michael

From: Fore, Steve[SMTP:SFore@kmg.com]
Sent: Monday, October 04, 1999 11:20 AM
To: Stogner, Michael
Subject: West Indian Basin Unit #1



WIBU1.XLS

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